

# Louisville Metro Investment Council

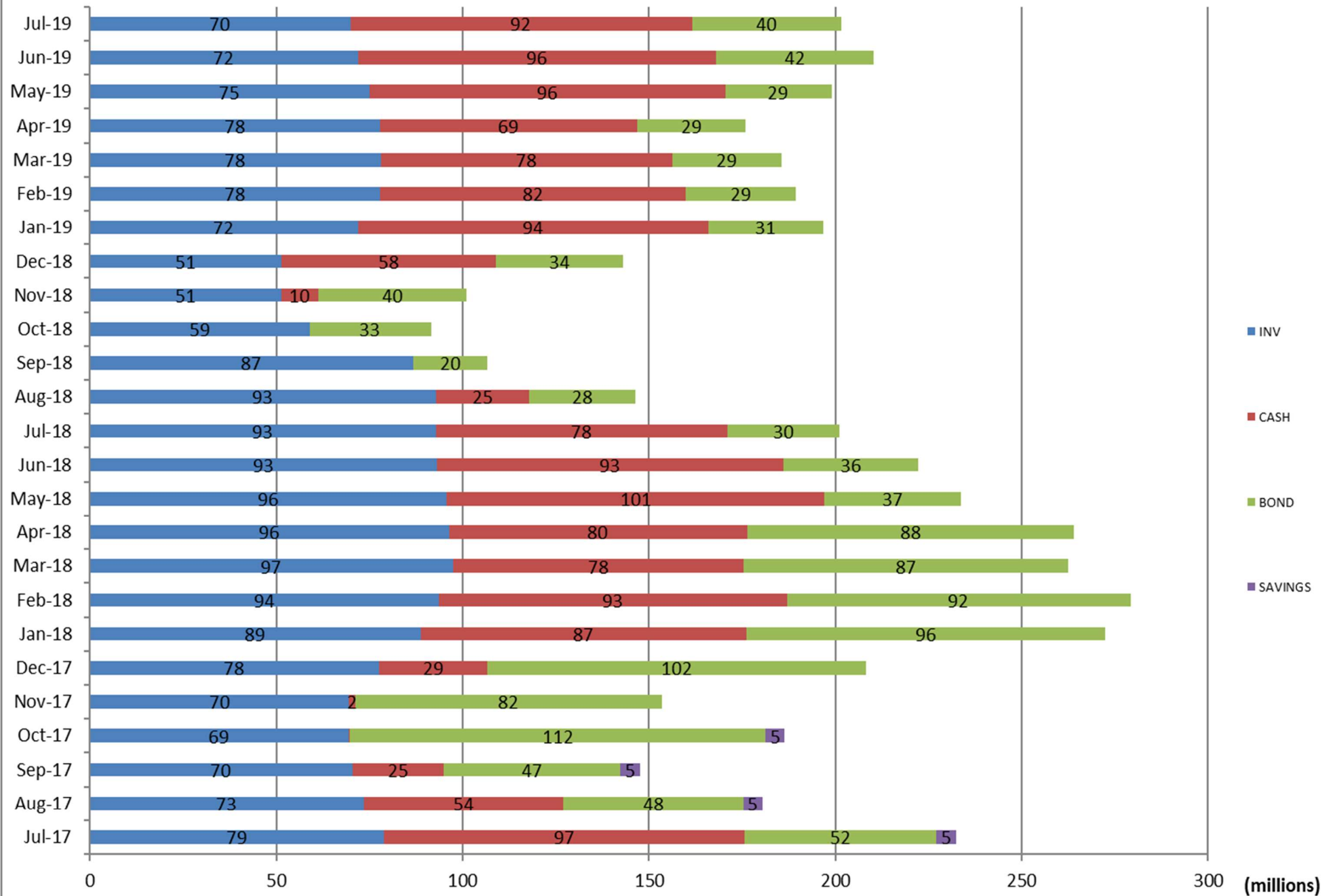


August 23, 2019

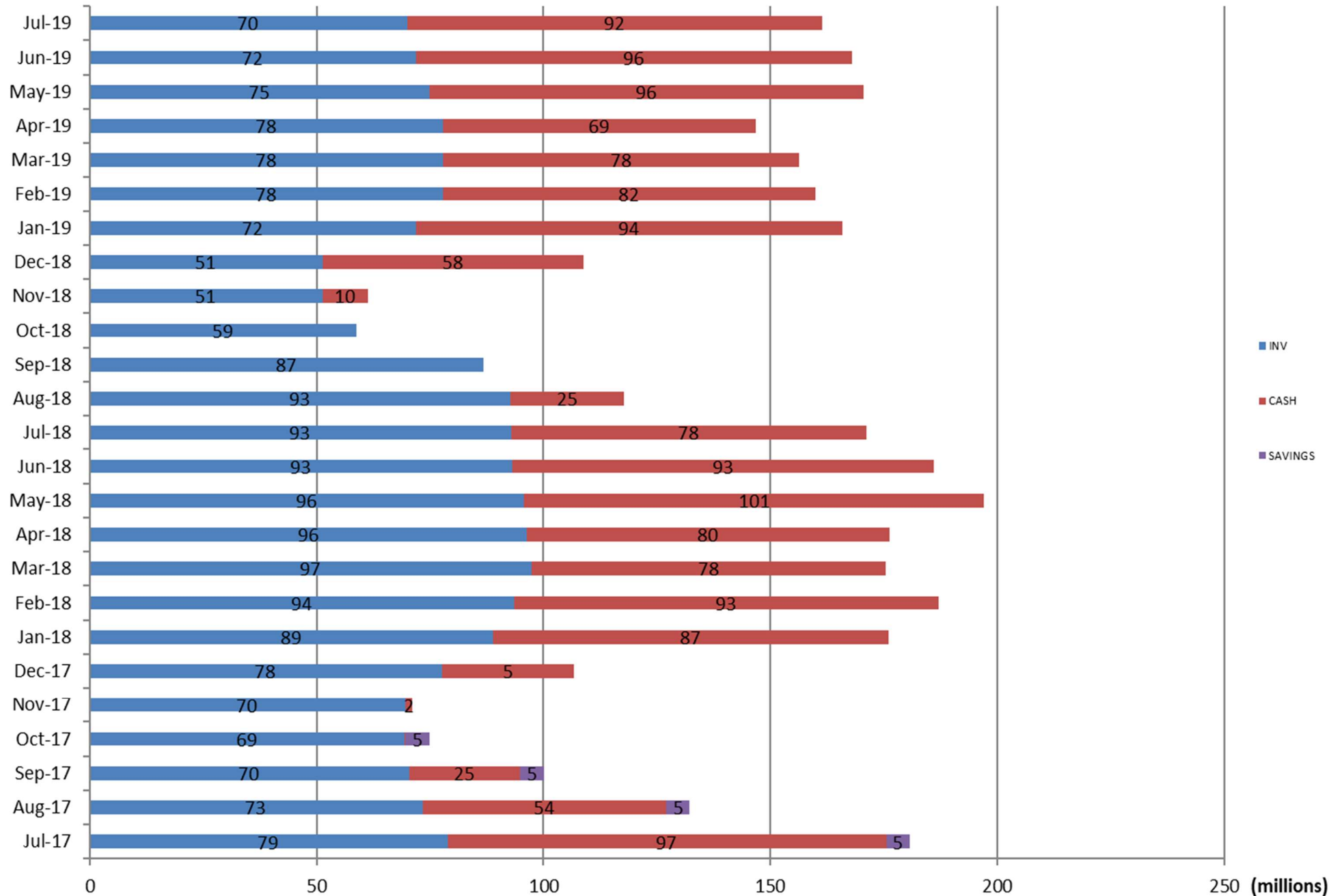
# **PORTFOLIO COMPOSITION**



# Metro Total Cash Position as of 7/31/19



## Metro Cash Position (Excluding Bond Proceeds) as of 7/31/19

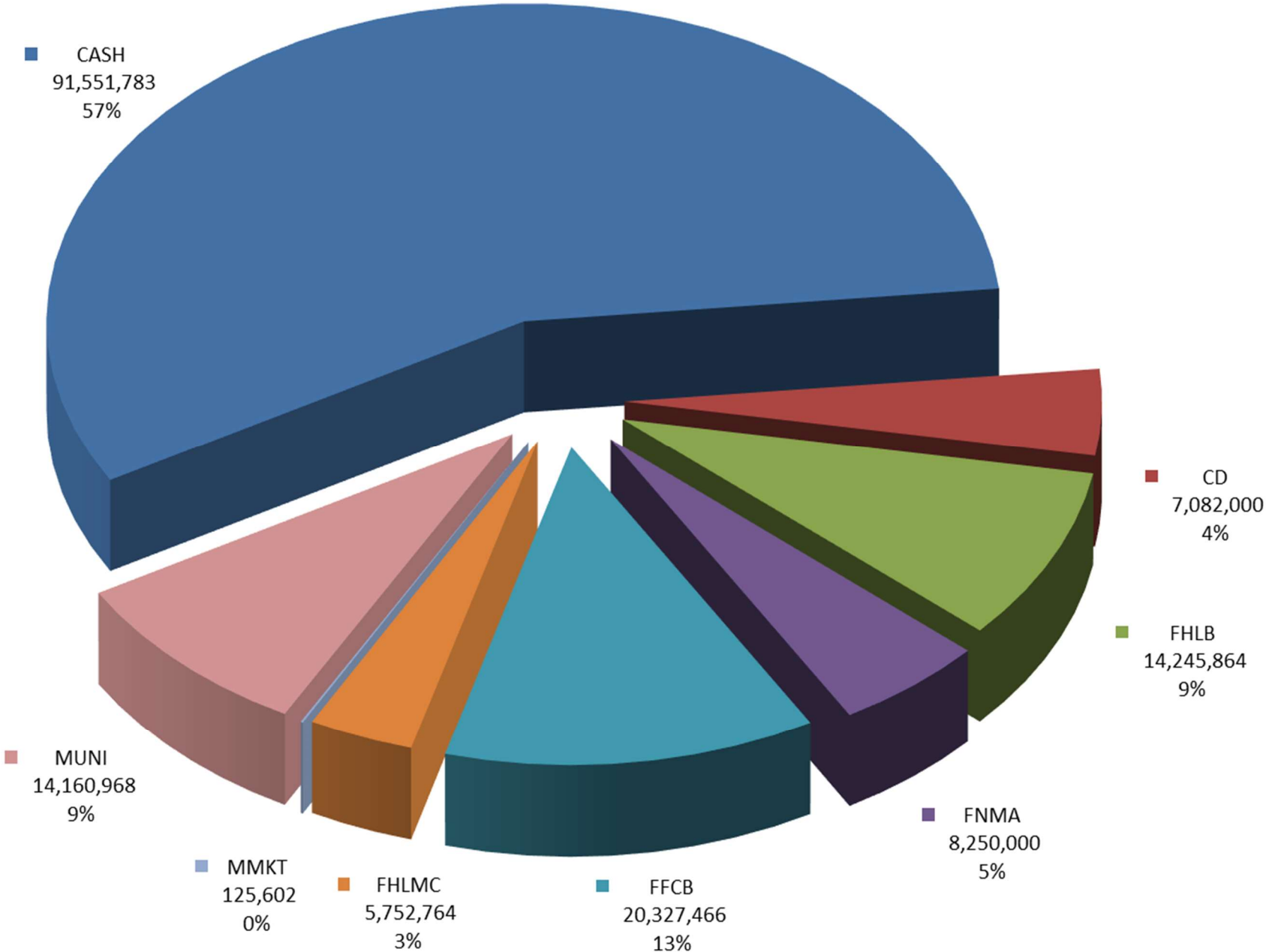


**Acc Int / Amort / Mkt Val**  
**Lou / Jeff Cty Metro Finance**  
**Effective Interest - Callable Life**  
**Receipts in Period**  
**7/31/2019**

	<b>Invest Number</b>	<b>CUSIP</b>	<b>Security Description</b>	<b>Call Date</b>	<b>Purchase Date</b>	<b>Ending Par Val/Shares</b>	<b>Ending Amor Val/Cost</b>	<b>Ending Market Val</b>	<b>Amortization Purch/Date</b>	<b>PTD Purch Received</b>	<b>Int/Div Rec Purch/Date</b>	<b>Int/Div Accrued Purch/Date</b>	<b>Purch Int + Acc Int</b>
Cash	AR-0046	METRO CONC 53- 714868609	Cash Account	Open	09/22/08	82,711,349.26	82,711,349.26	82,711,349.26	0.00	0.00	2,084,858.61	0.00	0.00
	AR-0054	METRO SAFEKEEPING - 1050996303	Cash Account	Open	12/30/16	8,840,433.31	8,840,433.31	8,840,433.31	0.00	0.00	78,170.85	1,554.52	1,554.52
	<b>Cash Total</b>					<b>91,551,782.57</b>	<b>91,551,782.57</b>	<b>91,551,782.57</b>	<b>0.00</b>	<b>0.00</b>	<b>2,163,029.46</b>	<b>1,554.52</b>	<b>1,554.52</b>
Certificate of Deposit	18-0057	02007GAQ6	ALLY BK UTAH 2.25 01/27/20	Open	01/25/18	250,000.00	250,000.00	250,000.00	0.00	0.00	8,414.38	109.38	109.38
	18-0058	211163GW4	CONT BANK UTAH 2.10 07/26/21	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	7,853.42	87.50	87.50
	18-0059	55266CYB6	MB FINL BK ILL 2.35 01/26/22	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	8,788.36	81.60	81.60
	18-0060	58404DBA8	MEDALLION BK UTAH 2.40 01/26/22	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	8,975.34	83.33	83.33
	18-0061	857894WJ4	STEARNS BK MINN 2.20 01/26/21	Open	01/26/18	250,000.00	250,000.00	250,000.00	0.00	0.00	8,227.34	76.39	76.39
	18-0062	27113PCG4	EAST BOSTON SVGS 2.30 07/30/21	Open	01/30/18	250,000.00	250,000.00	250,000.00	0.00	0.00	8,601.37	31.94	31.94
	18-0065	501798LQ3	LCA BANK CORPORATION 2.60 02/28/22	Open	02/28/18	246,000.00	246,000.00	246,000.00	0.00	0.00	6,396.00	2,736.07	2,736.07
	18-0067	856285JS1	ST BK IND NYC 3.00 03/06/23	Open	03/06/18	246,000.00	246,000.00	246,000.00	0.00	0.00	7,380.00	3,034.00	3,034.00
	18-0068	254673MMW3	DISCOVER BANK 2.65 03/08/21	Open	03/07/18	246,000.00	246,000.00	246,000.00	0.00	0.00	6,519.00	2,643.82	2,643.82
	18-0070	75272LAD8	RANDOLPH SAVINGS BANK 2.60 03/09/22	Open	03/09/18	246,000.00	246,000.00	246,000.00	0.00	0.00	6,396.00	2,576.17	2,576.17
	19-0003	CD772	METRO 1.50 10/07/19	Open	10/07/18	100,000.00	100,000.00	100,000.00	0.00	0.00	1,121.94	100.00	100.00
	19-0004	CD1499	YCB 0.149 09/23/19	Open	10/23/18	250,000.00	250,000.00	250,000.00	0.00	0.00	217.67	71.40	71.40
	19-0020	86789VXR3	SUNTRUST SILC 3.00 08/12/22	Open	02/12/20	248,000.00	248,000.00	248,000.00	0.00	0.00	1,814.14	1,651.07	1,651.07
	19-0021	38148P5B9	GOLDMAN SACHS NYC 3.10 02/13/24	Open	02/14/19	250,000.00	250,000.00	250,000.00	0.00	0.00	0.00	3,547.42	3,568.65
	19-0022	61690UEH9	MORGAN STANLEY, SALT LK CITY 3.05 02/14/24	Open	02/14/19	250,000.00	250,000.00	250,000.00	0.00	0.00	0.00	3,509.59	3,509.59
	19-0023	949763XQ4	WELLS FARGO SIOUX FALLS 3.10 02/13/24	Open	02/14/19	250,000.00	250,000.00	250,000.00	0.00	20.50	3,184.94	387.50	408.73
	19-0024	05581WL45	BMO HARRIS BANK 3.00 02/15/23	Open	02/15/19	250,000.00	250,000.00	250,000.00	0.00	0.00	1,828.77	1,602.74	1,602.74
	19-0025	06426KBA5	BANK OF NEW ENGLAND SALEM 2.85 02/15/24	Open	02/15/19	250,000.00	250,000.00	250,000.00	0.00	0.00	2,928.08	312.33	312.33
	19-0026	17312Q2V0	CITIBANK SIOUX FALLS 3.00 02/15/24	Open	02/15/19	250,000.00	250,000.00	250,000.00	0.00	0.00	0.00	3,431.51	3,431.51
	19-0028	48128HGA0	JPMORGAN CHASE COLUMBUS 3.00 02/15/23	Open	02/15/19	250,000.00	250,000.00	250,000.00	0.00	0.00	0.00	3,431.51	3,431.51
	19-0029	87270LBU6	TIAA FSB JACKSONVILLE 3.00 02/22/24	Open	02/22/19	250,000.00	250,000.00	250,000.00	0.00	0.00	0.00	3,287.67	3,287.67
	19-0038	CD1423	METRO 2.00 05/07/20	Open	05/07/19	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	3,342.47	1,333.33	1,333.33
	19-0040	CD075	METRO 2.00 06/07/20	Open	06/07/19	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	1,643.84	1,333.33	1,333.33
	<b>Certificate of Deposit Total</b>					<b>7,082,000.00</b>	<b>7,082,000.00</b>	<b>7,082,000.00</b>	<b>0.00</b>	<b>20.50</b>	<b>93,633.06</b>	<b>35,459.60</b>	<b>35,502.06</b>
FFCB	17-0010	3133EGNK7	FFCB 1.32 07/27/20	Open	07/27/17	3,000,000.00	3,000,000.00	2,977,230.00	0.00	0.00	118,800.00	440.00	440.00
	17-0022	3133EGVJ1	FFCB 1.16 09/26/19	Open	09/26/17	3,000,000.00	3,000,000.00	2,995,530.00	0.00	96.67	87,000.00	12,083.33	12,180.00
	17-0077	3133EHMG5	FFCB 1.80 03/12/21	Open	09/12/17	2,000,000.00	2,000,000.00	1,994,280.00	1,400.00	5,000.00	63,000.00	13,900.00	14,900.00
	18-0052	3133EHL43	FFCB 2.15 07/26/22	Open	01/29/18	1,850,000.00	1,850,000.00	1,846,577.50	20,442.50	9,778.02	69,606.25	552.43	10,164.72
	18-0053	3133EHLR9	FFCB 2.00 07/19/21	Open	07/19/18	1,769,000.00	1,769,000.00	1,769,000.00	12,383.00	393.11	53,070.00	1,179.33	1,572.44
	19-0011	3133EHVP5	FFCB 2.30 08/23/23	Open	02/04/19	1,500,000.00	1,500,000.00	30,750.00	14,950.00	17,250.00	15,141.67	30,091.67	30,091.67
	19-0012	3133EFM38	FFCB 2.23 03/14/23	Open	02/04/19	2,000,000.00	2,000,000.00	2,000,040.00	42,000.00	16,725.00	22,300.00	16,972.78	33,697.78
	19-0014	3133EJP60	FFCB 3.00 05/02/23	Open	01/29/19	2,000,000.00	2,023,281.37	2,077,660.00	-2,918.63	14,500.00	30,000.00	14,833.33	29,333.33
	19-0017	3133EGJ22	FFCB 2.00 11/16/23	Open	01/29/19	2,000,000.00	1,935,184.22	1,978,020.00	7,184.22	8,111.11	20,000.00	8,333.33	16,444.44
	19-0027	3133EKAR7	FFCB 2.80 08/15/22	Open	08/15/19	1,250,000.00	1,250,000.00	1,250,262.50	0.00	0.00	0.00	16,138.89	16,138.89
	<b>FFCB Total</b>					<b>20,369,000.00</b>	<b>20,327,465.59</b>	<b>20,388,603.00</b>	<b>111,241.09</b>	<b>69,553.91</b>	<b>481,026.25</b>	<b>99,575.09</b>	<b>164,963.27</b>
FHLB	16-0071	3130A8JZ7	FHLB 1.22 12/30/19	Open	06/30/17	2,900,000.00	2,900,000.00	2,888,661.00	0.00	0.00	106,140.00	3,046.61	3,046.61
	17-0046	3130AAQV3	FHLB 1.67 04/30/20	Open	01/30/18	2,400,000.00	2,400,000.00	2,393,712.00	0.00	6,828.44	100,200.00	111.33	334.00
	17-0066	3130AAQB7	FHLB 2.00 08/16/21	Open	02/16/18	2,000,000.00	2,000,000.00	1,996,200.00	0.00	0.00	80,000.00	18,333.33	18,333.33
	19-0006	3130AFE78	FHLB 3.00 12/09/22	Open	01/29/19	2,000,000.00	2,021,900.20	2,071,580.00	-3,099.80	9,861.11	35,500.00	8,666.67	22,500.00
	19-0008	3130A0JR2	FHLB 2.375 12/13/19	Open	01/29/19	1,000,000.00	999,334.49	1,000,900.00	924.49	3,034.72	11,875.00	3,166.67	6,201.39
	19-0009	3130A0JR2	FHLB 2.375 12/13/19	Open	01/29/19	1,000,000.00	999,313.38	1,000,900.00	953.38	3,034.72	11,875.00	3,166.67	6,201.39
	19-0015	3130AFAP2	FHLB 3.50 10/30/23	Open	10/30/19	1,000,000.00	1,001,986.73	1,003,600.00	-4,013.27	8,652.78	17,500.00	8,847.22	17,500.00
	19-0018	3130A9BK6	FHLB 1.80 09/01/23	Open	01/29/19	2,000,000.00	1,923,328.99	1,984,020.00	8,928.99	14,800.00	18,000.00	15,000.00	29,800.00
	<b>FHLB Total</b>					<b>14,300,000.00</b>	<b>14,245,863.79</b>	<b>14,339,573.00</b>	<b>3,693.79</b>	<b>46,211.77</b>	<b>381,090.00</b>	<b>60,338.50</b>	<b>103,916.72</b>
FHLMC	16-0051	3134G9JT5	FHLMC 1.35 11/26/19	Open	08/26/16	1,500,000.00	1,500,000.00	1,496,100.00	525.00	0.00	60,750.00	3,656.25	3,656.25
	17-0016	3134G9W37	FHLMC 1.45 08/10/20	Open	11/10/16	1,500,000.00	1,500,000.00	1,489,545.00	0.00	0.00	54,375.00	10,331.25	10,331.25
	19-0010	3134GSTN5	FHLMC 3.00 08/17/22	Open	08/17/20	1,250,000.00	1,252,763.74	1,259,625.00	-1,298.76	16,875.00	18,750.00	17,083.33	33,958.33
	19-0031	3134GSW43	FHLMC 2.70 02/28/22	Open	02/28/20	1,500,000.00	1,500,000.00	1,504,905.00	0.00	0.00	0.00	17,023.35	17,023.35
	<b>FHLMC Total</b>					<b>5,750,000.00</b>	<b>5,752,763.74</b>	<b>5,750,175.00</b>	<b>-773.76</b>	<b>16,875.00</b>	<b>133,875.00</b>	<b>48,094.18</b>	<b>64,969.18</b>
FNMA	17-0011	3136G3L37	FNMA 1.125 10/28/19	Open	07/28/17	2,000,000.00	2,000,000.00	1,995,260.00	0.00	0.00	67,500.00	187.50	187.50
	17-0048	3136G4KD4	FNMA 1.75 06/29/20	Open	06/29/17	2,000,000.00	2,000,000.00	1,997,200.00	0.00	3,305.56	87,500.00	3,111.11	6,416.67
	18-0056	3136G4QE6	FNMA 2.20 10/26/22	Open	10/26/18	2,250,000.00	2,250,000.00	2,250,450.00	30,143.48	11,962.50	74,250.00	13,062.50	25,025.00
	18-0054	3134G9SP8	FNMA STEP 1.625 08/25/21	Open	02/25/18	2,000,000.00	2,000,000.00	1,991,000.00	15,000.00	13,631.94	52,500.00	17,333.33	30,694.44
	<b>FNMA Total</b>					<b>8,250,000.00</b>	<b>8,250,000.00</b>	<b>8,233,910.00</b>	<b>45,143.48</b>	<b>28,900.00</b>	<b>281,750.00</b>	<b>33,694.44</b>	<b>62,323.61</b>
Money Market	AR-0001	MMKT FED - 5000638	Money Market	Open	07/01/99	163.81	163.81	163.81	0.00	0.00	1,652,558.15	0.00	0.00
	AR-0006	TARC FED - 4485281	Money Market	Open	07/01/99	0.00	0.00	0.00	0.00	0.00	30.61	0.00	0.00
	AR-0058	JPMORGAN MMKT - 00005017334	Money Market	Open	12/19/17	23,871.27	23,871.27	23,871.27	0.00	0.00	23,871.26	0.00	0.00
	AR-0059	GOLDMAN SACHS MMKT - 0188506760	Money Market	Open	12/19/17	39,666.07	39,666.07	39,666.07	0.00	0.00	39,666.07	0.00	0.00
	AR-0060	FEDERATED MMKT - 06090498885	Money Market	Open	12/19/17	23,986.00	23,986.00	23,986.00	0.00	0.00	23,985.98	0.00	0.00
	AR-0061	DREYFUS MMKT - 0616753258	Money Market	Open	12/19/17	37,914.82	37,914.82	37,914.82	0.00	0.00	37,914.82	0.00	0.00
	<b>Money Market Total</b>					<b>125,601.97</b>	<b>125,601.97</b>	<b>125,601.97</b>	<b>0.00</b>	<b>0.00</b>	<b>1,778,026.89</b>	<b>0.00</b>	<b>0.00</b>

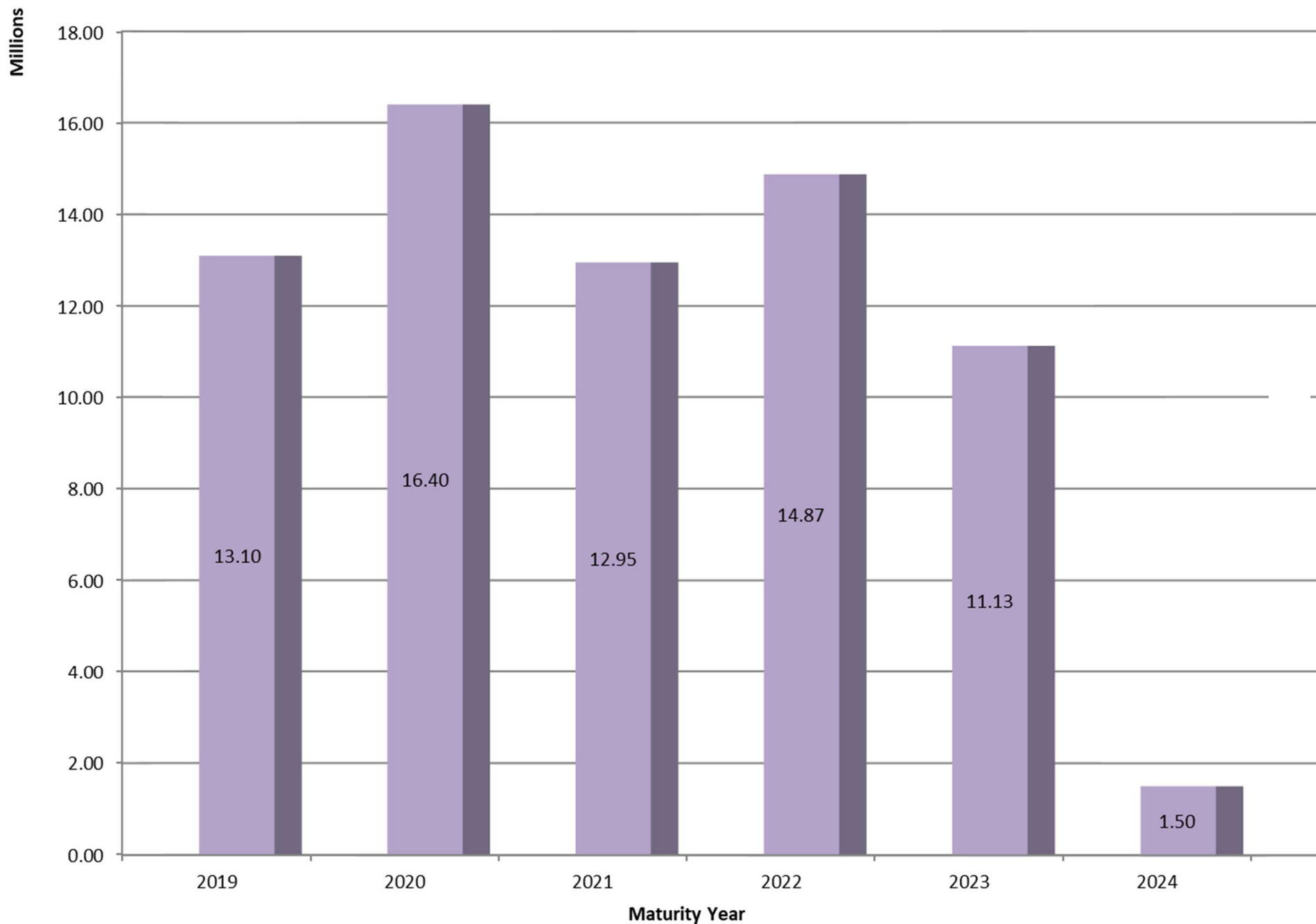
Municipal Bond	15-0045	613357AF9	MONTG CO 2.44 11/01/19	Open	06/25/15	500,000.00	500,788.42	500,620.00	-12,461.58	1,830.00	48,800.00	3,050.00	4,880.00
	16-0065	64971WF39	NYC TRAN FIN AUTH-SUB 1.69 02/01/21	Open	06/23/16	1,350,000.00	1,352,789.63	1,343,007.00	-5,566.87	4,999.58	63,374.99	11,407.50	15,336.75
	17-0004	047681NZ0	ATLANTA ETC REC 2.41 12/01/19	Open	07/22/16	720,000.00	722,526.88	719,690.40	-22,442.72	2,440.96	51,995.17	2,892.00	5,350.20
	17-0012	555542LS6	MACON-BIBB CNTY GA 3.00 12/01/20	Open	08/01/16	425,000.00	433,665.25	427,749.75	-18,900.25	2,104.72	38,189.17	2,125.00	4,250.00
	17-0027	64990E4G9	NY DORM AUTH C-TXBL 1.10 02/15/20	Open	09/30/16	1,000,000.00	1,000,000.00	994,380.00	0.00	1,138.20	26,552.78	5,072.22	5,500.00
	17-0028	64990EEL7	NYS DORM AUTH C-TXBL 2.12 03/15/21	Open	09/30/16	2,000,000.00	2,018,182.09	1,995,460.00	-30,717.91	1,766.67	106,000.00	16,017.78	17,784.45
	17-0029	64971WN97	NY TRANSITION TXBL 1.35 08/01/20	Open	09/30/16	2,625,000.00	2,630,204.95	2,607,832.50	-14,430.05	4,162.27	83,573.44	17,718.75	18,506.25
	17-0032	597137GZ5	MIDDLETOWN OH 2.053 12/01/20	Open	10/07/16	400,000.00	403,172.31	399,796.00	-6,503.69	2,831.62	24,575.17	1,368.67	4,060.38
	17-0051	696624AV7	CA PDTDEV 2.75 10/01/22	Open	02/06/17	1,000,000.00	998,493.85	1,016,210.00	1,113.85	3,235.92	59,659.72	9,166.67	9,625.00
	17-0059	485429Y32	KANSAS ST DEV AUTH 2.608 04/15/20	Open	02/08/17	775,000.00	778,823.77	777,053.75	-13,047.98	6,344.32	50,530.00	5,951.31	12,295.63
	17-0075	041042ZV7	ARKANSAS ST 2.875 06/01/21	Open	06/09/17	800,000.00	815,033.53	812,520.00	-16,966.47	511.11	46,000.00	3,833.33	4,344.44
	18-0071	64966MWH8	NYC GO 2.80 03/01/22	Open	03/13/18	2,500,000.00	2,507,286.93	2,543,100.00	-3,688.07	0.00	68,875.00	29,166.67	29,166.67
	Municipal Bond Total					14,095,000.00	14,160,967.61	14,137,419.40	-143,611.74	31,365.37	668,125.44	107,769.90	131,099.77
	Investment Total					161,523,384.54	161,496,445.27	161,609,061.94	15,692.86	192,926.55	5,980,556.10	386,486.23	564,329.13

Total Portfolio Asset Allocation as of 7/31/2019



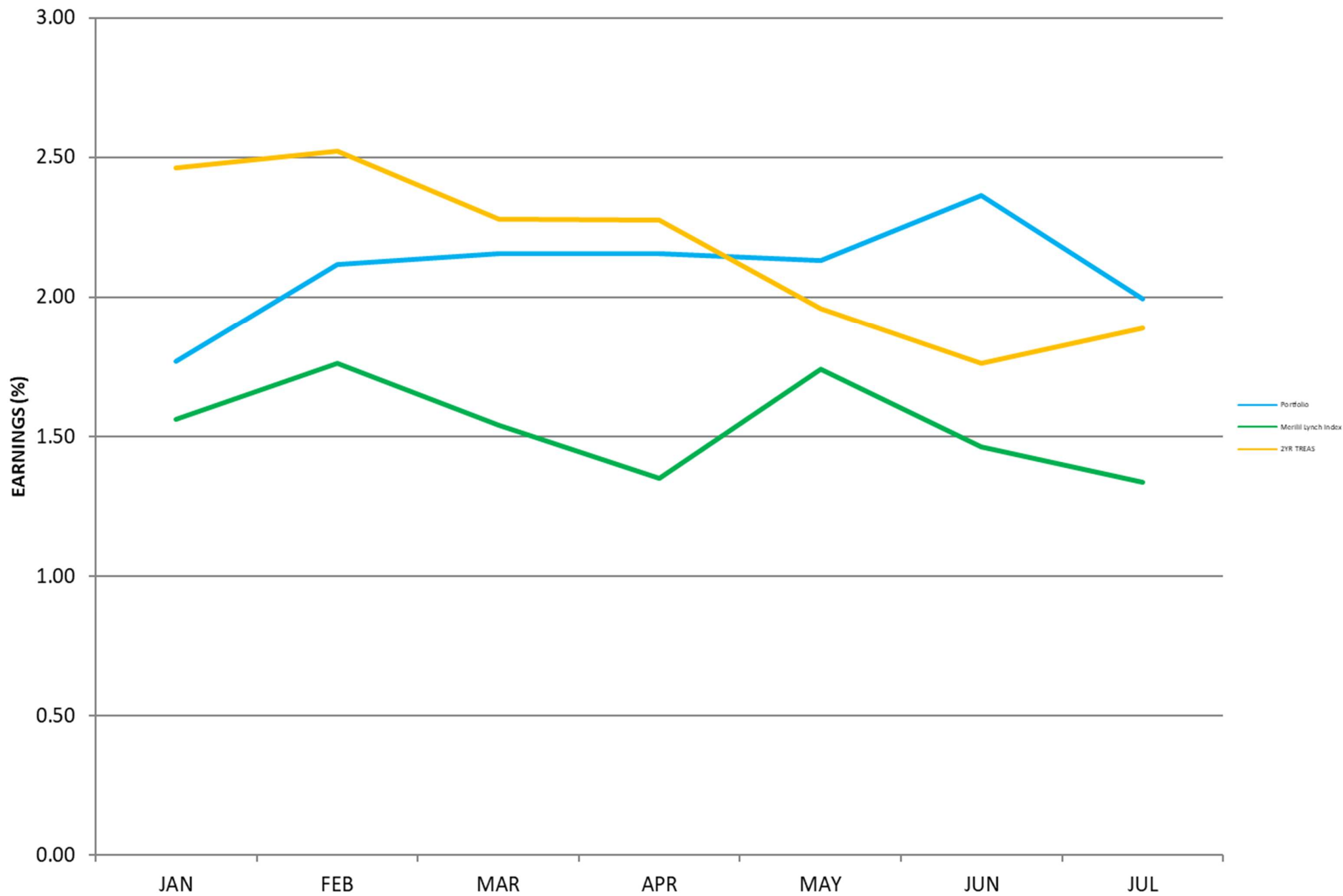


## Investment Portfolio by Maturity as of 7/31/19



# **PORTFOLIO PERFORMANCE**

## Portfolio Performance as of 7/31/19



## **DATA ANALYSIS**

### **Metro Cash Position**

Cash levels remained steady this month. This is a good sign as cash levels have typically taken a dip in July. This is important as the monthly transfers from the Revenue Commission will slow as they withhold funds to make debt service payments. Considering this, Metro is in a stable position going into the start of the fiscal year.

### **Asset Allocation**

There was activity to report for the month of July to report:

Calls: \$2,000,000      FNMA 1.50      07/28/21 – Called on 7/28/19 @ 1.898% yield

It is likely that if rates continue to fall, more calls will follow.

### **Maturity Distribution**

There was no significant change to maturity distribution for the month of July.

### **Portfolio Performance**

Portfolio yield took a dip albeit a small one. This can be attributed in part to the call listed above as the investment had a step coupon and would have earned a higher interest rate had it not been called. With rates decreasing this month and projected to be cut later in the year, it is likely that more calls could follow and drive portfolio yield lower as Metro would be forced to reinvest in lower yielding securities.

# **ECONOMIC UPDATE**

## ECONOMIC UPDATE

The Fed met on the last day of the month but it was one of the more important dates as they voted to cut rates by 25bps calling it an “insurance” cut. What’s interesting is that 7 members of the Fed lobbied for a more aggressive 50bps cut and the market thinks that is likely to come. Currently, the market is pricing in a 100% chance of at least one additional cut this year and a 59% probability for at least 3 cuts by the end of 2019.

So with the economy being touted as strong and growing, why talk about cutting rates? When you look at the numbers, you can get a better sense of why this is being discussed. Economic growth actually slowed in Q2 and is actually projected to continue to fall in the coming quarters. In addition to the falling GDP numbers, late cycle expansion is leading to lower levels of job gains, while government debt continues to rise. Part of the reason GDP growth is slowing is that personal consumption is down as is business investment. Data backing the lower projections in the coming quarters is centered around slowing global growth and falling exports as a result of the ongoing trade war.

Globally, the ECB has downgraded their outlook for the EU and indicated that additional quantitative easing may be needed. In addition, both German and Japanese bonds are trading at negative yields. We also have to consider the impending scenario of a “no-deal” Brexit which would also hinder global growth. Each of these markets is becoming more closely aligned with lower interest rates and their yield curve moving toward inversion.

They are not alone in that either, as the US yield curve is also moving toward inversion. In the past, it’s been mentioned that yield curve inversions (specifically the 2s-10s curve) have preceded all economic recessions since 1955. Indicated by the chart below, you can see how close inversion is to occurring as it’s the tightest since June 2007.



The New York Fed’s recession model is now assigning a 31.5% probability of a recession in the next year. For context, since 1967, any time the recession odds were above 30%, a US recession has followed.

The trade war with China doesn’t help either as it effects consumer spending which impacts GDP. China is unique in that most of the imports from China revolve around the technology sector which explains the decision to push back the latest round of tariffs citing the holiday shopping season as the reason. Most forecasters are assuming that some kind of trade deal will be done as Trump sees the impact it would have on GDP growth and the economy in general. More importantly though is that China is the

leading exported in several key swing states which could several hinder Trump's chances of another term.

Regardless of whether you believe a recession is on the way as models suggest and what the outcome of the trade war, Brexit, and other global factors are, there are some things we can be certain of. As rates fall, you can expect more calls. This makes fixed rates and bullets more valuable as investors move away from riskier securities. If anything else is true, it's that cash flow certainty is valuable right now.

**Total Portfolio Shock Table**  
**Lou / Jeff Cty Metro Finance**  
Effective Interest - Actual Life  
Receipts in Period  
7/31/2019

<i><b>Data Category</b></i>	<i><b>Down 300</b></i>	<i><b>Down 200</b></i>	<i><b>Down 100</b></i>	<i><b>Current</b></i>	<i><b>Up 100</b></i>	<i><b>Up 200</b></i>	<i><b>Up 300</b></i>
Current Par	69,971,601.97	69,971,601.97	69,971,601.97	69,971,601.97	69,971,601.97	69,971,601.97	69,971,601.97
Amor. Cost	69,833,114.52	69,833,114.52	69,833,114.52	69,833,114.52	69,833,114.52	69,833,114.52	69,833,114.52
Market Value	69,847,741.37	69,917,587.37	69,987,433.37	70,057,279.37	70,127,125.37	70,196,971.37	70,266,817.37
% Change	-0.30 (0.10)	-0.20 (0.10)	-0.10 (0.10)	0.00 (0.10)	0.10 (0.10)	0.20 (0.10)	0.30 (0.10)
Market Price	99.82	99.92	100.02	100.12	100.22	100.32	100.42
Market Yield	2.5441	2.4287	2.3135	2.1986	2.0838	1.9692	1.8549
Gain / Loss	14,626.85	84,472.85	154,318.85	224,164.85	294,010.85	363,856.85	433,702.85

The table above represents the interest rate risk of the investment portfolio of individual fixed incomes securities. By adjusting current market rates and by using the matrix pricing technique, the portfolio was subjected to an immediate interest rate shock of plus or minus 300 basis points. The results in weighted average total is presented above which details the projected market value, market price, total unrealized gain (loss) and percentage market value change from the current interest rate environment.